

**ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE**

April 7, 2022

3:34 p.m.

DRAFT

MEMBERS PRESENT

Senator Lora Reinbold, Vice Chair
Senator Mia Costello, via teleconference
Senator Roger Holland
Senator Scott Kawasaki, via teleconference

MEMBERS ABSENT

Senator Mike Shower, Chair

COMMITTEE CALENDAR

SENATE BILL NO. 194

"An Act relating to electronic identification cards; relating to electronic drivers' licenses and permits; relating to motor vehicle liability insurance; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 215

"An Act relating to the Legislative Budget and Audit Committee; requiring state departments, agencies, municipalities, school districts, Native corporations, the University of Alaska, and other entities that receive state funds to report on federal receipts; and relating to the increase of an appropriation item based on additional federal or program receipts."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 234(STA) AM(EFD FLD)

"An Act relating to political contributions; relating to the location of offices for the Alaska Public Offices Commission and the locations at which certain statements and reports filed with the commission are made available."

- HEARD & HELD

SENATE BILL NO. 205

"An Act relating to digital absentee voting; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

SENATE BILL NO. 57

"An Act relating to digital absentee voting; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 194

SHORT TITLE: ALLOW ELECTRONIC DRIVERS' LICENSES AND ID

SPONSOR(s): SENATOR(s) KAWASAKI

02/15/22	(S)	READ THE FIRST TIME - REFERRALS
02/15/22	(S)	STA, FIN
04/05/22	(S)	STA AT 3:30 PM BUTROVICH 205
04/05/22	(S)	Scheduled but Not Heard
04/07/22	(S)	STA AT 3:30 PM BUTROVICH 205

BILL: SB 215

SHORT TITLE: REVIEW & REPORTING OF FED. RECEIPTS; LB&A

SPONSOR(s): SENATOR(s) REINBOLD

02/22/22	(S)	READ THE FIRST TIME - REFERRALS
02/22/22	(S)	STA, FIN
04/07/22	(S)	STA AT 3:30 PM BUTROVICH 205

BILL: HB 234

SHORT TITLE: POLITICAL CONTRIBUTION LIMITS

SPONSOR(s): REPRESENTATIVE(s) SCHRAGE

01/18/22	(H)	PREFILE RELEASED 1/7/22
01/18/22	(H)	READ THE FIRST TIME - REFERRALS
01/18/22	(H)	STA
02/01/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/01/22	(H)	Heard & Held
02/01/22	(H)	MINUTE(STA)
02/10/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/10/22	(H)	Heard & Held
02/10/22	(H)	MINUTE(STA)
02/15/22	(H)	STA AT 3:00 PM GRUENBERG 120
02/15/22	(H)	Heard & Held
02/15/22	(H)	MINUTE(STA)

03/01/22	(H)	STA AT 3:00 PM GRUENBERG 120
03/01/22	(H)	Moved CSHB 234(STA) Out of Committee
03/01/22	(H)	MINUTE(STA)
03/02/22	(H)	STA RPT CS(STA) 2DP 1DNP 2NR 2AM
03/02/22	(H)	DP: CLAMAN, KREISS-TOMKINS
03/02/22	(H)	DNP: EASTMAN
03/02/22	(H)	NR: TARR, STORY
03/02/22	(H)	AM: KAUFMAN, VANCE
03/14/22	(H)	BEFORE HOUSE IN SECOND READING
03/14/22	(H)	SUSTAINED RULING OF CHAIR Y22 N15 E3
03/14/22	(H)	SUSTAINED RULING OF CHAIR Y21 N16 E3
03/14/22	(H)	BEFORE HOUSE IN SECOND READING
03/14/22	(H)	SUSTAINED RULING OF CHAIR Y20 N17 E3
03/14/22	(H)	SUSTAINED RULING OF CHAIR Y20 N17 E3
03/14/22	(H)	SUSTAINED RULING OF CHAIR Y22 N14 E4}STUART RELAY, Staff to Kawasaki* In Room* {
03/14/22	(H)	SUSTAINED RULING OF CHAIR Y20 N16 E4
03/16/22	(H)	BEFORE HOUSE IN THIRD READING
03/16/22	(H)	TRANSMITTED TO (S)
03/16/22	(H)	VERSION: CSHB 234(STA) AM(EFD FLD)
03/18/22	(S)	READ THE FIRST TIME - REFERRALS
03/18/22	(S)	STA
04/07/22	(S)	STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

STUART RELAY, Staff
 Senator Scott Kawasaki
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented SB 194 on behalf of the sponsor.

JEFFREY SCHMITZ, Director
 Division of Motor Vehicles (DMV)
 Department of Administration (DOA)
 Anchorage, Alaska

POSITION STATEMENT: Stated that DMV had a neutral position on SB 194.

KELLI TOTH, Staff
 Senator Lora Reinbold
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for SB 215 on behalf of the sponsor.

ERIK GUNDERSON, Staff
Representative Calvin Schrage
Alaska State Legislature

POSITION STATEMENT: Presented HB 234 on behalf of the sponsor

HEATHER HEBDON, Executive Director
Alaska Public Offices Commission
Department of Administration (DOA)

POSITION STATEMENT: Responded to questions during the hearing on HB 234.

ACTION NARRATIVE

[3:34:31 PM](#)

VICE CHAIR REINBOLD called the Senate State Affairs Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Holland, Kawasaki via teleconference, Costello via teleconference, and Vice Chair Reinbold.

SB 194-ALLOW ELECTRONIC DRIVERS' LICENSES AND ID

[3:36:34 PM](#)

VICE CHAIR REINBOLD announced the consideration of SENATE BILL NO. 194 "An Act relating to electronic identification cards; relating to electronic drivers' licenses and permits; relating to motor vehicle liability insurance; and providing for an effective date."

[3:36:46 PM](#)

SENATOR KAWASAKI, speaking as sponsor of SB 194, explained that the legislation would allow Alaskans to carry a digital version of their driver's license, driver's permit, or state identification on mobile their device. He credited a constituent for bringing this idea forward. He pointed out that Alaskans have been able carry proof of auto insurance on their smart phones since 2013 and proof of their hunting license since 2018. He said it only makes sense to allow Alaskans to carry a digital copy of their driver's license, learner's permit or state identification on their smart phone.

He deferred further introduction to Stuart Relay.

[3:38:22 PM](#)

STUART RELAY, Staff, Senator Scott Kawasaki, Alaska State Legislature, Juneau, Alaska, presented the sponsor statement for SB 194 on behalf of the sponsor.

[Original punctuation provided.]

Smartphones and other smart mobile electronic devices have become an indispensable part of modern life. These devices provide convenient communication, information and entertainment such that there is almost no aspect of life that smartphones have not made easier.

SB 194 seeks to leverage these modern communications technologies to enhance convenience for Alaskans and allow them to use electronic versions of their drivers licenses, drivers permits or state identification cards. Alaskans are currently required to carry physical drivers licenses and permits when driving or operating a vehicle. This bill will allow them to use applications like Apple Wallet for iPhones to show their credentials when requested by peace officers including local law enforcement or Department of Public Safety (DPS) personnel.

On top of increasing convenience, this bill protects the licensee and user of the smart device as well as local law enforcement and DPS. It protects the privacy of the licensee and smart device user by prohibiting representatives of DPS or local law enforcement from searching, viewing or accessing other contents of the mobile electronic device. It protects DPS and local law enforcement from liability resulting from damage to the electronic device, except for intentional misconduct.

Alaskans have been allowed to use their smartphones to display proof of insurance since 2013 and use their smartphones to display fishing and hunting licenses since 2018. Therefore, it is logical that Alaskans be allowed to use their smartphones to display electronic versions of their drivers licenses, drivers permits and state identification cards. I respectfully urge your support of SB 194. Please reach out to my office with any questions.

[3:40:45 PM](#)

MR. RELAY presented the sectional analysis for SB 194.

Section 1. AS 18.65.310(a)

Adds the word physical specifying that the department shall issue a physical identification card upon the payment of a \$15 fee.

Section 2. AS 18.65.310 Adds new subsections:

(s) The department may issue an electronic identification card to those who possess a physical identification card, pay an additional \$50 fee, and retain a physical identification card.

(t) The department shall adopt regulations for issuing and use of electronic identification cards.

(u) Department of Public Safety (DPS) representatives and peace officers may not search, view, or access other contents of the mobile electronic device without consent.

(v) DPS representatives and peace officers are not liable for damages of the mobile electronic device unless for intentional misconduct.

Section 3. AS 18.65.320(b)

Adds the word physical specifying that a person whose physical identification card has been cancelled must return that card within 10 days of receiving the cancellation notice or be subject to a \$100 fine.

Section 4. AS 18.65.330

Amends section by adding definition of electronic identification cards:

(2) "electronic identification cards" a data file specific to an individual that

(a) displays the current identification card

(b) is available on a mobile electronic device through an app that allows the individuals data file to be downloaded from the department.

Section 5. AS 28.05.051

Adds the word physical specifying that revoked physical licenses shall be immediately returned to the department upon receiving notice and allows the DOA commissioner, officers, or employees, as well as Judges and court employees to take possession of physical licenses.

Section 6. AS 28.15.011(b)

Adds the words physical or electronic specifying that drivers must possess a physical or electronic Alaskan drivers' license.

[3:42:54 PM](#)

Section 7. AS 28.15 Adds new section:

Sec. 28.15.126 Electronic licenses and permits. (a) DOA may issue electronic drivers' licenses or permits to a person who possess a physical license or permit and drivers shall retain their physical license. (b) The commissioner shall adopt regulations to issue electronic licenses or permits and they may adopt regulations to require physical licenses in certain circumstances.

(c) The department shall display a notice of seizure, revocation, cancellation or limitation across the front of the persons electronic drivers license.

Section 8. AS 28.15.131(a)

Adds the words physical or electronic specifying that drivers must have a physical or electronic license in immediate possession when driving and drivers must surrender their license when required by DPS representatives or peace officers.

[3:43:49 PM](#)

MR. RELAY continued to paraphrase the sectional analysis for SB 194.

Section 9. AS 28.15.131 Adds new subsections:

(c) DPS representatives or peace officers cannot search, view or access other contents of the mobile electronic device without consent.

(d) DPS representatives or peace officers are not liable for damages of the mobile electronic device unless for intentional misconduct.

Section 10. AS 28.15.151(a)

(5) the department shall maintain files of every application for an electronic driver's license or permits and the permits and licenses issued by the department.

[3:44:36 PM](#)

[MR. RELAY did not read the conforming sections 11-21, but they are included here.]

Section 11. AS 28.15.165(b)

Adds the word physical specifying the seizure of a person's physical drivers' license.

Section 12. AS 28.15.166(a)

Adds the word physical specifying that a person may request administrative review for the seizure of their physical driver's license in AS 28.15.165 and if the license has not been surrendered to the department, it shall be at the time of the request.

Section 13. AS 28.15.182(d)

Adds the word physical specifying that the court shall require the surrender of the physical driver's license when imposing limitations in (c) of this section.

Section 14. AS 28.15.183(b)

Adds the word physical specifying that the peace officer shall seize a person's physical driver's license after reading the notice in (a) of this section.

Section 15. AS 28.15.184(a)

Adds the word physical specifying a person may request administrative review for the seizure of their physical driver's license in AS 28.15.183(a) and if the license has not been surrendered to the department, it shall be at the time of the request.

Section 16. AS 28.15.187(b)

Adds the word physical specifying that a peace officer shall seize the persons physical driver's license after reading them the notice in (a) of this section.

Section 17. AS 28.15.189(a)

Adds the word physical specifying a person requesting administrative review for notice received under AS 28.15.187 and if the license has not been surrendered to the department, it shall be at the time of the request

Section 18. AS 28.15.191(c)

Adds the word physical specifying a physical license shall be surrendered if the court suspends, revokes, or limits a license.

Section 19. AS 28.15.191(g)

Adds the words physical specifying that a physical license shall be surrendered as a condition of parole or probation.

Section 20. AS 28.15.191(h)

Adds the word physical specifying that the board of parole shall require the surrender of the persons physical license.

Section 21. AS 28.15.201(b)

Adds the word physical specifying that a physical driver's license shall be surrendered when a court imposes limitations under (a) of this section.

[3:45:15 PM](#)

Section 22. AS 28.15.271(a)

Increases the licensing fees and adds fee for electronic drivers' licenses or permits

(1) Noncommercial licenses from [\$20] to \$31

(2) Commercial licenses from [\$100] to \$155

(3) Instruction permits from [\$15] to \$23

(4) Duplicate drivers' license or permit from [\$15] to \$23

(5) Temporary license or renewal of permit from [\$5] to \$8

(6) School bus driver endorsement renewal from [\$5] to \$8

(7) Electronic drivers license or permit \$50

Section 23. AS 28.20.560

Adds the word physical specifying that if a person whose license or registration is revoked under this chapter, they shall immediately return their physical license or registration to the department.

[3:46:25 PM](#)

MR. RELAY continued to paraphrase the sectional analysis for SB 194.

Section 24. AS 28.22.019(d)

Amends section by requiring DPS representative or peace officer who is presented with proof of motor vehicle liability insurance on a mobile electronic device to promptly return the device once they verify the person possesses liability insurance.

Section 25. AS 28.22 019 Adds new subsection:

(f) A DPS representative or peace officer is immune from liability if the mobile electronic device being used to determine the persons motor vehicle liability insurance status is damaged.

Section 26. AS 28.22.041(d)

Adds the word physical specifying that when imposing limitations under this section the department shall require the surrender of the driver's physical license.

Section 27. AS 28.33.100

Adds a new subsection

(g) the department may issue electronic commercial drivers licenses.

Section 28. AS 28.33.140(i)

Adds the words physical specifying that if the court disqualifies a person from driving a commercial motor vehicle the person shall surrender their physical license.

Section 29. AS 28.35.034

Adds the word physical specifying that a person must surrender their physical license or permit if it has been revoked under AS 28.15.165 or AS 28.15.181.

[3:47:58 PM](#)

MR. RELAY continued to paraphrase the sectional analysis for SB 194.

Section 30. AS 28.90.990(a) Adds a new paragraph:

(33) defines electronic driver's license or permit as a data file that is specific to an individual that

(A) displays the current drivers license and

(B) is available on a mobile electronic device thorough an app that allows the individuals data file to be downloaded from the department.

Section 31. AS 33.16.150(i)

Adds the words physical specifying that in addition to other conditions of parole imposed under this section the board shall require the surrender of the physical driver's license or identification card and forward them to the department.

Section 32.

Provides the Department of Administration the ability to adopt regulations necessary to implement this Act.

Section 33.

Provides an immediate effective date for Section 32 of this Act.

Section 34.

Provides an effective date of January 1, 2023 for this Act except as provided for in Section 33.

3:49:10 PM

VICE CHAIR REINBOLD asked the sponsor if he had anything to add.

SENATOR KAWASAKI restated that the bill provides the option to carry a digital copy of a driver's license, driver's permit, or state identification card; it is not mandatory. He described this as an added benefit and freedom, and pointed out that five or six other states have adopted a similar policy.

SENATOR HOLLAND asked for an explanation of the fee increase [in Section 22] including the date these fees were last increased.

MR. RELAY answered that the fee increases in Section 22 track inflation since the last increase in 2002.

SENATOR HOLLAND asked if digital licenses would be associated with an app rather than a digital copy of the license.

MR. RELAY said that was his understanding but he would defer to Mr. Schmitz.

3:51:42 PM

JEFFREY SCHMITZ, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), Anchorage, Alaska, Answered questions during the hearing on SB 194. confirmed the digital license would be associated with an app. He also clarified that the specific process to implement the bill, should it pass, had not been identified. The division was learning along with the sponsor. He acknowledged that a number of other states were looking at this concept, but there was no universal solution.

SENATOR HOLLAND offered his assumption that as part of the process, DMV would have the ability to deactivate a digital license that was suspended or revoked; it would not be up to the license holder.

MR. SCHMITZ restated that DMV would need to establish the full process and likely find a vender to help. He said the contract with the current driver's license vender expires at the end of 2023, and it was DMV's intention that the request for proposal (RFP) and procurement process for the new vender include electronic proposals.

SENATOR HOLLAND said he was aware that some states already offer this option and he looked forward to this option being available in Alaska. However, setting the fee structure without knowing the process was a concern.

[3:56:02 PM](#)

VICE CHAIR REINBOLD asked how the digital driver's license would affect or interact with Real ID.

MR. SCHMITZ replied the division would need to study that interaction. He was aware that multiple states were trying to develop standards that all states could adopt and Alaska could join that conversation.

SENATOR REINBOLD commented that there were lots of unknowns as evidenced by Section 7 that talks about a number of things the division may or shall do. She also asked if the fee increases were reasonable and if the division had any deep concerns with the bill.

[3:58:09 PM](#)

MR. SCHMITZ said DMV couldn't comment on whether or not the fee structure was reasonable. They hadn't heard from the sponsor or drafter about the basis for selecting those fees. The division's fiscal note, which is in excess of \$10 million, recognizes that developing an electronic solution would be an expensive endeavor if the state were to do it on its own. He said the division has a neutral position on the bill, but they acknowledge that the industry is moving in this direction. Certainly they would follow the legislature's direction.

[4:01:04 PM](#)

SENATOR REINBOLD asked the sponsor if he had anything to add.

SENATOR KAWASAKI answered not at this point.

MR. RELAY stated that the \$50 fee in Section 22 was selected somewhat arbitrarily with the expectation that it would be adjusted as the bill goes through the process.

SENATOR HOLLAND said this is a great idea and he looks forward to seeing what other states charge.

[4:02:25 PM](#)

VICE CHAIR REINBOLD held SB 194 in committee for future consideration.

SB 215-REVIEW & REPORTING OF FED. RECEIPTS; LB&A

[4:02:49 PM](#)

VICE CHAIR REINBOLD announced the consideration of SENATE BILL NO. 215 "An Act relating to the Legislative Budget and Audit Committee; requiring state departments, agencies, municipalities, school districts, Native corporations, the University of Alaska, and other entities that receive state funds to report on federal receipts; and relating to the increase of an appropriation item based on additional federal or program receipts."

VICE CHAIR REINBOLD, speaking as sponsor, presented SB 215 paraphrasing the sponsor statement that read as follows:

[Original punctuation provided.]

SB 215 also known as the "Federal Receipts Fiscal Accountability Act." The Legislative Budget and Audit Committee shall annually review a report and recommend to the legislature whether to make, reduce, or repeal any appropriations based on the report. Federal Receipts reporting by agencies creates transparency in Federal Funds received that the legislature did not appropriate. Agencies must report program plans, should there be a reduction of federal funds. SB 215 creates transparency in the budget process so the legislature can fulfill constitutional duties.

[4:05:53 PM](#)

KELLI TOTH, Staff, Senator Lora Reinbold, Alaska State Legislature, Juneau, Alaska, Presented the sectional analysis for SB 215 that read as follows:

[Original punctuation provided.]

Section One: Adds a new section, short title: This act may be known as the Federal Receipts Fiscal Accountability Act.

Section Two: AS 24.20.206 is amended to read: Sec. 24.30.206 Duties of the Legislative Budget and Audit Committee is amended to read: Review the annual report submitted by the Office of Management and Budget for the preceding fiscal year at the next regular meeting of the committee and recommend to the legislature whether to make, reduce, or repeal any appropriations based on the report.

Section Three: AS 37.05 is amended adding a new section to article 2 to read: Sec. 37.05.215 Federal receipts reporting requirements, adds a new section to article 2 to read: Each municipality, state agency, school district, corporation organized under 43 USC 1602 et seq. as amended (Alaska Native Claims Settlement Act) and any other entity that receives state funds shall prepare and submit a report to the Office of Management and Budget on a form prescribed by the Office of Management and Budget that states the total amount of federal receipts received for the previous year, identifies all conditions or requirements that must be met to receive the federal receipts not appropriated by the legislature, states whether the federal receipts received for the previous state fiscal year that were not appropriated by the legislature require a match, supplement, or replacement upon acceptance of the receipts or when the receipts diminish, states the percentage of the entity's total budget that the federal receipts not appropriated the previous year describes an operating plan if there is a reduction of between five and 25 percent in the amount of federal receipts and, more than 25 percent in the amount of federal receipts received. On or before October 31 each year, a principal department of the state shall prepare and submit a report to the Office of Management and Budget on a form that describes a plan created for operating the department if there is a reduction of between 5 and 25 percent in the amount of federal receipts and more than 25 percent in the amount of federal receipts by the department.

For a municipality that is a school district, separate reports for the municipality and school district shall be prepared and submitted. If the municipality applies for federal receipts on behalf of another entity, the

municipality shall be responsible for preparing the report. If the municipality has less than 200 people, they may seek assistance from the Department of Commerce, Community and Economic Development.

The Office of Management and Budget shall prepare and submit a compiled report to the Legislative Budget and Audit committee and identify municipalities and state agencies that did not submit the information required in this section.

[4:09:34 PM](#)

Section 4: Sec. 37.07.080 (b) is amended to read: (3) should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and submit a newly revised program to the Legislative Budget and Audit Committee. (4) If the governor submits a newly revised program under (3) of this subsection, the legislative Budget and Audit Committee must recommend that the state initiate additional activity under the newly revised program, before commencement of expenditures.

VICE CHAIR REINBOLD asked if there were questions.

[4:10:39 PM](#)

SENATOR HOLLAND asked if any stakeholders had come out against this or previous iterations of the legislation and, if so, for what reasons.

VICE CHAIR REINBOLD replied there has been objection from some stakeholders who don't show the source of all their funding. She noted that the Alaska Municipal League sent a letter opposing this concept several years ago. However, she believes it is imperative that the legislature, the body with the constitutional authority of appropriation, know the amounts of federal funding and where it is going so there is more transparency and thus a better budget process.

SENATOR HOLLAND called the goal noble, and said his only concern was the potential personnel burden this might impose.

VICE CHAIR REINBOLD advised that municipalities already have to account for federal funds so it would simply be a matter of reporting that information to the legislature.

VICE CHAIR REINBOLD said the Legislative Budget and Audit Committee meets year round so the legislature could receive this information during the interim.

[4:15:16 PM](#)

VICE CHAIR REINBOLD held SB 215 in committee for future consideration.

HB 234-POLITICAL CONTRIBUTION LIMITS

[4:15:44 PM](#)

VICE CHAIR REINBOLD announced the consideration of CS FOR HOUSE BILL NO. 234(STA) am(efd fld) "An Act relating to political contributions; relating to the location of offices for the Alaska Public Offices Commission and the locations at which certain statements and reports filed with the commission are made available."

[4:16:15 PM](#)

ERIK GUNDERSON, Staff, Representative Calvin Schrage, Alaska State Legislature, presented HB 234 on behalf of the sponsor, by reading the following sponsor statement into the record:

House Bill 234 reinstates fair, reasonable, and constitutional political contribution limits, requires the Alaska Public Offices Commission to increase these limits every ten years based on Alaska's consumer inflation rates, and limits out-of-state donations in state and local campaigns.

Alaska has long touted strong and effective campaign finance laws which have helped to reduce the perception and acts of quid pro quo and corruption in our political process. These laws have served to promote better accountability and trust in our elections and elected officials. Last year, the Ninth Circuit Court of Appeals struck down the statutory campaign contribution limits, implemented by Alaskan voters in 2006 with 73% support, in the *Thompson v Hebdon* decision.

This ruling, and the Alaska Public Offices Commission's decision not to implement the new limits advised by commission staff, has created legal uncertainty and opened our state and local elections to the threat of unlimited funds from anywhere in the country. HB 234 creates new campaign contribution

limit laws that are in compliance with the ruling of the Ninth Circuit Court of Appeals and Supreme Court precedent, while ensuring limits remain constitutional moving forward.

To accomplish this, HB 234 moves Alaska's campaign contributions to a "per campaign period" basis, increases the individual-to-candidate limit from \$500 per year to \$2,000 per campaign period and the group-to-candidate limit from \$1,000 per year to \$4,000 per campaign period, and directs the Alaska Public Office Commission to adjust contribution limits for inflation every 10 years. These changes address the concerns laid out by the Ninth Circuit in their decision as well as Supreme Court precedent while upholding the expressed desire of Alaskan voters for fair and reasonable contribution limits in our elections.

[4:18:54 PM](#)

VICE CHAIR REINBOLD asked Ms. Hebdon if she wanted to comment on the Thompson v Hebdon decision.

HEATHER HEBDON, Executive Director, Alaska Public Offices Commission, Department of Administration (DOA), said she believes the record speaks for itself.

VICE CHAIR REINBOLD asked her to provide a summary of the decision.

[4:20:10 PM](#)

MS. HEBDON explained that the case was remanded to the 9th Circuit Court of Appeals where a three judge panel struck down the individual candidate limit. The out-of-state limit was already struck and that wasn't challenged. A third limit was also struck down but she didn't recall the specifics.

VICE CHAIR REINBOLD asked if the result was that there is no limit on [out-of-state contributions].

MS. HEBDON replied that is correct.

VICE CHAIR REINBOLD said she didn't realize that. She asked Mr. Gunderson if he had anything to add.

[4:21:13 PM](#)

MR. GUNDERSON advised that the forthcoming presentation adds depth to Ms. Hebdon's summary of the case.

[4:21:57 PM](#)

MR. GUNDERSON read the following sectional analysis for HB 234.

Section 1

Amends AS 15.13.020(j) directing the Alaska Public Offices Commission to establish a central office that maintains copies of reports filed with the commission available to the public. Removes language requiring the commission to establish a regional office in each senate district.

Section 2

Amends AS 15.13.070(b) to change the limit an individual may contribute to a candidate, a write-in candidate, or to a non-group entity from \$500 per year to \$2,000 per campaign period. Changes the amount an individual may contribute to a group to \$5,000 a year.

Section 3

Amends AS 15.13.070(c) to change the limit a group that is not a political party may contribute per year to a candidate or write-in candidate from \$1,000 per year to \$4,000 per campaign period. Changes the amount a group that is not a political party may contribute to another group, nongroup entity, or political party to \$5,000 per year.

[4:23:15 PM](#)

Section 4

Amends AS 15.13.070(f) to change the limit a nongroup entity may contribute to a candidate, write-in candidate, or another nongroup entity from \$1,000 per year to \$4,000 per campaign period. Changes the amount a nongroup entity may contribute to another group or political party to \$5,000 per year.

Section 5

Amends AS 15.13.070(g) to change the limit an individual may contribute to a joint campaign for governor and lieutenant governor from \$1,000 per year to \$4,000 per campaign period. Changes the limit a group may contribute to a joint campaign for governor and lieutenant governor from \$2,000 per year to \$8,000 per campaign period.

Section 6

Amends AS 15.13.070 to include a new subsection (h) that states contribution limits provided under (b)(1), (c)(2), and (f) of this section do not apply to individuals, groups, or non-group entities contributing to a group or nongroup entity that makes solely independent expenditures. Amends AS 15.13.070 to include a new subsection (i) directing the Alaska Public Offices Commission to update contribution limits every ten years, beginning the first quarter of 2031, based on consumer inflation rates for Anchorage, Alaska. These increases are rounded to the nearest \$50 increment.

[4:24:53 PM](#)

Section 7

Amends AS 15.13.072(e) stating that a candidate may not solicit or accept contributions from an individual who is not an Alaska resident if the amount would exceed 25% of the total contributions made to the candidate during the campaign.

Section 8

Amends AS 15.13.110(i) prohibiting the Alaska Public Offices Commission from changing the manner or format in which a candidate must file a report during the campaign period.

Section 9

Amends AS.15.13.400 to include a new paragraph (20) defining "campaign period" as the period beginning on the date a candidate becomes eligible to receive campaign contribution and ending on the date that candidate must file a final report.

[4:26:00 PM](#)

Section 10

Amends AS 24.45.091 to require that reports and statements filed with the commission must be made publicly accessible on their website.

Section 11

Amends 24.45.111(b) to require that copies of all statements and reports filed with the commission be preserved for a period of six years. Copies must be maintained at the commission's central location and be made available on the commission's internet website.

Section 12

Adds a new section stating that the retroactive language in Section 13 does not apply to campaign contributions made to influence the outcome of an election that occurred on or before this bill's effective date.

Section 13

Adds an effective date of March 3, 2022 to AS 15.13.070 (b), (c), (f), (g), (h) as amended in Sections 2, 3, 4, 5, 6, and 9 (respectively).

4:27:07 PM

VICE CHAIR REINBOLD asked if March 3, 2022 was a retroactive date.

MR. GUNDERSON answered yes.

SENATOR HOLLAND asked why the [individual] contribution limit was set at \$2,000.

MR. GUNDERSON replied that is the inflation adjusted amount of the current \$500 individual contribution for the next 10 years, and it also reflects the change from "per year" to "each campaign period."

SENATOR HOLLAND referenced Sections 12 and 13 and asked if there was a chance that existing donations might be affected because some people may have already exceeded the proposed \$2,000 individual limit for each campaign period. For example, somebody might already have given the maximum \$1,500 prior to December 31 and the maximum \$1,500 after that date.

MR. GUNDERSON said Ms. Hebdon might have additional insight, but his understanding in that example was that none of the donation would need to be returned as long as the two donations were in compliance with APOC's initial advisory opinion.

VICE CHAIR REINBOLD asked Ms. Hebdon to comment.

4:29:43 PM

MS. HEBDON summarized her understanding of the question, which was whether the division would seek to have any contributions returned if they were made post March 3 and were over the limit in the bill.

SENATOR HOLLAND said he was also wondering about the effect on contributions made pre March 3. He added that he understood the desire to address the current election, but it would be more straight forward if it were to become effective for the next election cycle.

MS. HEBDON responded that APOC would not seek the return of contributions in excess of \$1,500 from anybody who was following staff guidance under the draft opinion up until March 3. If the bill were to pass with the effective date, she said it's likely that APOC staff would bring post March 3 excess contributions to the commission's attention, but it was hard to imagine "getting those funds back in the bottle," particularly in a hectic election cycle.

SENATOR HOLLAND asked if candidates who received donations after January 1, 2022 would have to take any \$1,500 donations from the previous year into account when calculating the \$2,000 limit.

MS. HEBDON responded that based to the effective date and the change from "per year" to "each campaign period," contributions in both calendar years would be considered.

[4:33:01 PM](#)

SENATOR HOLLAND asked if the provision that limits individual contributions from nonresident donors to 25 percent of the total contributions came from other states.

MR. GUNDERSON replied it was a floor amendment that originally established the out-of-state contribution limit at 50 percent of all contributions, which was in line with Ballot Measure 2. The body amended the limit to 25 percent of all contributions.

VICE CHAIR REINBOLD stated that she interpreted Thompson v Hebdon as a directive for the legislature to look at the political contribution limits.

VICE CHAIR REINBOLD apologized that the slide presentation would have to be held until the next hearing because there were technical difficulties today.

MR. GUNDERSON thanked the committee for considering the bill.

[4:36:02 PM](#)

VICE CHAIR REINBOLD held HB 234 in committee for future consideration.

4:36:39 PM

There being no further business to come before the committee, Vice Chair Reinbold adjourned the Senate State Affairs Standing Committee meeting at 4:36 p.m.